

The Carroll Free Press.

"THE UNION OF THE STATES AND THE CONSTITUTION OF THE UNION."

VOLUME 24,--NUMBER 3.

CARROLLTON, CARROLL COUNTY, OHIO, THURSDAY, JANUARY 17, 1856.

WHOLE NUMBER, 1254.

GOVERNOR'S MESSAGE.

GENTLEMEN OF THE SENATE AND HOUSE OF REPRESENTATIVES:

In accordance with the requirements of the Constitution and the biennial system of legislation which has been thereby established, you have assembled in your official capacities to take into consideration the condition of our public affairs, and to prepare and pass such laws as the experience of the last two years and the interest and wants of the people may demand.

The first year of the biennial period which has just elapsed, was attended with the various trials and vicissitudes incident to all human associations. The extraordinary drought that prevailed throughout this and most of the other States of the Union, occasioned a very general failure of the crops, and the consequent reaction that occurred in the monetary affairs of the country caused much solicitude, and retarded, to some extent, the progress of public as well as individual improvement.

The great abundance and rich returns of the last year, however, fully compensated the deficiencies of its predecessor, and afford ample cause for gratitude to that beneficent and all-wise Being who directs all things for the best and whose goodness and favor are apparent in the still increasing happiness and prosperity of our people.

In complying with the provisions of the constitution which makes it my duty to communicate to the General Assembly the condition of the State, and to recommend such measures as in my judgment may tend to promote the public welfare, I invite your attention, in the first place, to the accompanying reports of the several State officers. They have been prepared with much care and ability, and contain a full and detailed exposition of the operations and present condition of their respective departments.

I entered upon the duties of the Chief Executive office of the State, under an impression which subsequent experience has only tended to strengthen, that too great a laxity of practice prevailed in certain branches of the public service, from which serious evils might possibly result. The laws regulating the administration of these branches had been adopted under circumstances widely different from those which now surround us, and the few simple safeguards that were formerly deemed sufficient, could no longer be regarded as adequate to the varied and greatly increased business entrusted to their care. Our county and other local organizations, especially, were without those limitations and restrictions which are necessary in all public institutions.

This state of things could not fail, if continued, to exert an unfavorable and demoralizing influence on the affairs of Government, and I availed myself of the earliest opportunity that was afforded me to recommend such legislation in reference to this subject as was most likely, in my judgment, to effect the required reformation. Much has certainly been accomplished, but the failure of the General Assembly to adopt and carry out my suggestions more fully, has retarded the matter, and imposes on me the necessity of again calling attention to the subject.

I took occasion in my former message to develop with unusual minuteness, through comparative tabular statements, the financial action of every department of the State, as well as of the local governments, for the previous ten years, and now propose to continue the exposition to the present time.

I refer you with equal confidence, and pleasure, to the last two reports of the auditor of State for any information you may desire in regard to our financial affairs. The untiring industry with which that officer has attended to his public duties, and the care and fidelity which he has always displayed in guarding the Treasury of the people, constitute his administration as an epoch in the history of our financial transactions.

From these reports, it appears that the State Treasury has been the recipient of the following revenue during the past two years:

[We give totals merely, which are as follows: Total State Taxes for 1854, were \$2,851,571.32; for 1855 were \$2,871,255.49, add canal tolls and other assets for 1851, makes grand total that year \$4,477,934.00; and for 1855 grand total, \$2,315,854.28.]

The revenue received through taxes levied upon the grand duplicate placed at the head of each column, are the proceeds of taxes levied and collected the year previous; a fact which it is necessary to observe in order to fix correctly the responsibility of the respective levies, that returned in the column of 1854 is the first under the present valuation of real estate. The proceeds of the taxes levied to the year just past, will go into the revenue of 1856.

The following are the disbursements from the State Treasury, for all purposes, during the same period: Total amount of Auditor's drafts issued in 1854, \$3,899,770.75; same issued in 1855, \$3,609,574.23. Total amount of Auditor's drafts redeemed in 1854, \$3,093,233.00; same redeemed in 1855, \$3,512,434.20. Cash balance in treasury 15th November, 1854, \$864,981.90; same in Treasury

15th November, 1855, \$705,370.08.

This places before you the receipts and expenditures of the State Government during the last two years, and there is no difficulty in ascertaining the departments in which increased or diminished expenditures or revenues have taken place. To determine, however, whether the State authorities or those of the counties, townships and cities, are responsible for the high taxes complained of by the people, we must examine into the various amounts levied by these several authorities; and for this purpose the following tabular statement has been prepared, exhibiting the taxes levied for the specified purposes of the years named:

	1854	1855.
Number of acres	25,061,032	25,220,083
Value of lands	429,245,467	432,261,785
Value of towns	140,822,948	145,596,751
Value of chattels	297,031,572	293,018,815

Total tax value \$866,929,982 \$860,877,351

The total State taxes for 1851 were \$3,077,601.04; and for 1855 \$2,754,806.051 6.

The total county taxes for 1854 were \$2,725,196.94 9, and for 1855 \$2,702,305.02 8. The total township, city and special taxes for 1854 were \$3,072,418.28 2; and for 1855 were \$2,943,618.00 0. Delinquencies and forfeitures for 1854 were 217,112,75 7, and for 1855, were 498,781,35 3. The total local taxes for 1854 were 6,634,738.08 9; and for 1855 6,199,704.28 1. The total taxes on duplicate for 1854 were 9,092,339.49 7, and for 1855, 8,954,511.89 7.

I was anxious to present in a tabular statement, such detailed information in reference to our County, Township and City transactions, as would enable the people to compare their own local administrations with those of other portions of the State. I found, however, that this was not attainable at the seat of Government without much labor, and certain additional facts which those organizations themselves can alone supply. Existing laws provide for the publication at home of the amount of their levies, collections and expenditures; but it would greatly facilitate the object in view if the affairs of each county, township and city administration were annually published in a condensed form, for general information throughout the State.

Such comparisons and suggestions would naturally spring from these exhibitions as would gradually lead to the adoption of the desired restraints upon their action and eventually to more healthy legislation on the subject.

Of the fees of County, Township, and other local officers, no account appears to be kept which is accessible to the public—a matter to which I again call the attention of the General Assembly, and respectfully suggest that a law be passed requiring every public officer, compensated by fees, to keep an accurate account of his receipts and expenditures, and transmit the same to the appropriate department, at the seat of Government, with the view that a general synopsis of such accounts be published once a year for the information of the people of the State. These local offices are generally lucrative, and it is believed that not less than two millions are annually collected by fees from the people, and I can see no good reason why the latter should not be able to ascertain the compensation which is severally received by their own agents. It is almost impossible to secure proper legislation on this important subject while so little tangible information is before the General Assembly.

The preceding statements contain, it is believed, all the information that is necessary, with the accompanying reports and exhibits, to enable you to see in what particular divisions of the public service, and for what objects, the exactions are improperly high, and where our efforts should be especially directed to bring about a reduction. The local causes which have so disproportionately swelled the burdens of the people, you, coming from all parts of the State, can no doubt explain to each other.

In reference to these causes, however, and especially the fees of county and other local officers, it would prove of much assistance in your deliberations, if in the early part of the session you would order suitable inquiries to be addressed to the proper authorities.

All will admit that the public burdens, for a government happily so very circumscribed in its sphere as ours, are high beyond apology. True, high taxes are not of themselves conclusive evidence of bad, nor low taxes always proof of a good government, yet the amount is a matter proper for comparative inquiry, especially, where the rise is sudden. Such examinations lead to reliable information, both as to the amount, and which is a more important point, the purposes to which the money is applied. Sound political economy does not rest on any specific amount of taxation, but rather on such an administration of public affairs, as guided by a proper spirit of frugality and republican simplicity, discharges scrupulously every duty essential to the public welfare.—Every financial transaction should be subjected to the most rigid accountability, and all misapplications of the public money be severely punished.

Public virtue is essential to the maintenance of republican government, and he is the most dangerous offender who attempts to undermine or destroy it. The people of Ohio justly complain of high public exactions. They have deputed you to reduce them. Every property holder in the State enjoins this upon you as your first great duty. But reform, to be beneficial, must take the right direction. To produce high taxes, or to connive at exorbitant fees and salaries, is wrong; but to misdirect endeavors to correct public abuses is no less mischievous. Unmatured wholesale reductions of fees and salaries are sure to be soon repealed. Such measures always lose to the people that real reform which they demand. True reform first ascertains carefully where extravagance and malfeasance exist. It exposes and corrects them. It screens no public abuse from merited obloquy, and yet it shields from unjust, sweeping censure the upright public servant. It examines into and therefore understands public evils, and the laws which follow become, in consequence of their wise discrimination, the permanent policy of the State.

Questions arising out of and connected with public revenue, have been vexations in all ages and in all Governments. They are so in ours. Taxes, whether levied by a monarch's arbitrary will, or through the legal action of popular government, are unpleasant to those who pay them. The number of those who are anxious to share the expenditures of the government, is far greater than those who volunteer to contribute to them. Propositions to deplete the Treasury for objects of speculation, ornament and pride, find frequently more supporters than those of acknowledged general utility.—The revenue officer who collects the taxes rendered necessary in consequence of some ill-advised appropriation, is always blamed, while he who occasioned them, often escapes the public censure. The Constitution wisely provides that every law imposing a tax shall state distinctly the object of the same, to which only it shall be applied. If this provision, in its full meaning and intent, were properly carried out so as to enable the public to fix with certainty the responsibility of taxes upon those who really occasion them, it would, to a great extent, guard against inconsiderate public outlays.—Profligacy would be earlier exposed and the required reform applied in season to prove a remedy.

We should discriminate between the mere machinery for the collection of taxes and the influences leading to, and the authorities directing the levy. Our revenue laws should afford to the tax-payers frequent and early opportunities to watch, judge and direct our financial policy. The fewer indirect and special taxes we have the less chances there is to conceal improper expenditures, and the more certainly will the rise and fall of direct taxes indicate the financial quality of our government. We are rapidly approaching the period when our direct property taxation will afford such indications, unless we purposely counteract this tendency. Special taxes are becoming inoperative, their levy indeed being of doubtful constitutionality. The extraneous revenues to the State Treasury are likewise constantly diminishing, and nearly all our resources will soon have to be derived through the grand duplicate. We shall then, with greater certainty and simplicity in our finances, have the unerring index above alluded to.

The constitutional provision upon the subject is a guaranty against arbitrary taxation. Heretofore such a guaranty has been secured to corporations alone through judicial interposition; now they and the people equally enjoy it by constitutional rule. In other Governments the taxing power is without limitations; in ours it is restrained to a property tax. The power to borrow is also wisely confined within very narrow limits. Under such a system financial abuses cannot be long concealed, because the amount of taxation will indicate to each taxpayer the degree of economy or wastefulness that may at each period characterize the Government. The fact that taxes are one thing, tax law another, will then become apparent to all; and we will look to the General Assembly, and to the local authorities of the State, for a reduction of taxes, rather than to Executive officers. Any attempt to reduce the taxes in the aggregate by a mere change in the mode and manner of collecting them, will prove as futile as an attempt to change the weather by breaking the barometer. Real retrenchment, to have a lasting effect, must spring from and be maintained by General Assemblies whose economy and watchfulness shall reflect the wishes of a frugal and enlightened people.

I feel great solicitude that the system of requiring all State expenditures of every description to be brought under the revision of the chief financial officer of the State, shall be strictly and permanently adhered to. This is demanded by the constitution as well as by sound policy. It operates as a preventive of malpractices which had hitherto defied all attempts at reform. The contracts recently entered into by the Board of Public Works for the repairs of the canals, involving an entire change of policy on that subject, have elicited a very general public discussion. The saving to the State by this

change amounts to ninety-three thousand one hundred and seventy-one dollars per annum, when compared with the average expenditures of the last six years, and will no doubt exceed that sum under future letters. The contract system has many advantages over the policy that has been hitherto pursued, and I am inclined to think should be permanently adopted. The success of any system, however, involving so large an expenditure of the public money, depends in a great measure on the manner and spirit in which it is carried out. A very general publicity of the lettings, and the confidence of the people in the impartiality and fairness of the awards, are elements without which it can never become beneficially established.

The contract system is increasing in importance and extent, and will, no doubt, gradually supersede the employment of regular officers in many of the departments of the public service. The change in many instances, would be a healthy one, and should, in my judgment, be encouraged by the passage of such laws as would allay all apprehensions, and fully secure the confidence of the people. We are accustomed to the responsibilities and restrictions imposed by law upon public officers, and the same reasons should induce us to adopt similar statutory regulations and safe-guards in reference to public contractors. If all inducements to do wrong on the part of the agents of governments were effectually removed, there would be little or no grounds for popular distrust. I therefore suggest the propriety of a general law on the subject of public contracts, embracing those that may be entered into on the part of counties, townships, and other corporations, as well as on the part of the State.

The irresponsible and extravagant system of administration which prevails in some of our counties and cities, furnishes the principal cause for the exactions which are so generally complained of. These public contractors are granted to favorites, which occasion the most lavish expenditures. There, also, we find officers with incomes which shock all correct ideas of public compensation. These things have their effect upon the general tone of our public morals. County reform is a duty enjoined by every consideration of public virtue. Some who suffer under these evils denounce the tax law without much consideration as to the cause of the heavy burdens under which they are laboring; but a little closer reflection would show them that it is the taxes, not the tax law, which are exorbitant, and that the tax law is but the unwelcome witness. The local treasuries should be brought under the same systematized restraint as the State Treasury. The heavy drafts upon them under pretence of some law, must be effectually checked, and the requirements of the Constitution that "no money shall be drawn from any county or township treasury except by authority of law," must be rigorously enforced. The General Assembly should distinctly designate the specific authority upon whose appropriation the public moneys shall be disbursed. Our courts have been in the habit of ordering county auditors and treasurers to pay out money for many purposes of mere personal conveniences,—an exercise of power for which I can find no warrant in the Constitution. These orders are only obeyed from a fear of the apparently unlimited power of the courts to punish for contempt. The fees of county officers should be thoroughly revised, and the law providing for removal from office and other punishments for speculation, should be made more stringent.

Some two or three of the larger counties of the State, might be supplied with Boards more numerous than that of the present County Commissioners. The public interest would be better guarded, and the power to levy taxes and make appropriations be brought under a greater degree of responsibility. The separation of civil from criminal business, with distinct officers for each court, would also facilitate the business of such counties without any increase of the public expense.

As to the mere machinery for the collection of the taxes, it must be admitted, as a general truth, that all such enactments are but approximations to what should be their legitimate object, viz: their equitable apportionment among the individuals comprising it. Private ingenuity counteracts the best designs of the legislator; and many persons often succeed in pushing their own proper burdens upon others.—Frequently, too, the Legislature uses the taxing power for favoring or discharging special interests or objects. This was so long and so generally acquiesced in, that the idea became prevalent that taxes are levied, not so much for purposes of revenue, as for those of favoritism or oppression. Hence, we find persons denouncing taxes, although imposed by general laws, as being aimed at the destruction of their particular class; and, hence, it likewise is, that we find them demanding exemptions for certain special objects, because in their opinion, they deserve to succeed.

These appeals to the favor of our Legislatures have in many instances been successful. The valuation of improved lands in a state of nature, which was the rule previous to 1843, was intended as a favor to the agricultural interest. The exemption of tools and machinery was designed as an encouragement to the mechanics and manufacturers of the State.—Taxing banks on their profits only was held out as a bonus for foreign capital; while the exemption of property appropriated to educational and charitable purposes, was intended as an approval of those objects. Under this policy the duplicate decreased until it embraced only about one-fourth of the actual wealth of the State. Attempting to favor every deserving object in society multiplied the pleas for further exemptions, and there was no danger that the true idea of taxation would be entirely lost. As a natural consequence, various

special taxes were imposed which however produced but little revenue.

In 1846 a change of our financial system occurred. Annual deficits compelled the Legislature to return to what should be the primary object of all tax laws, to wit: the collection of revenue. Previous errors were then in part remedied, but many very flagrant ones were continued from ill-advised partiality. A new tendency was, however, inaugurated; and the rule of equality in taxation gained constant strength, in spite of opposing interests. The Constitutional Convention met under these auspices, and the tax rule established in the Constitution was the result. Its great principle is the abrogation of all arbitrary taxation. Man, as such, his business, occupation, and profession, are no longer subject to legislative caprice. Property is the measure and basis of taxation. A few exemptions for objects of almost universal interest are authorized, but in such a manner that they can never become independent of the popular will.

The first General Assembly under the new Constitution passed such tax laws as were supposed to be in accordance with its requirements. Differences of construction arose, as was to be expected, and were very properly referred to the Court, whose decision has been acquiesced in by the great body of the people.

It is not denied that the rule referred to has produced occasionally some hardships, but it is equally true that these hardships would be scarcely observable, if, instead of supporting exemptions and deductions, we would make the grand duplicate represent the entire wealth of the State. It is estimated that not less than three hundred millions of property in the State escaped taxation.

A careful examination of the question will suggest many reasons adverse to any precipitate or unadvised changes in our tax laws. All agree that property shall be taxed where it is by a uniform rule, that the resident and non-resident owner shall pay his due proportion, and that this proportion shall include State, county, township and city taxes. The tax is on the property within the State, and not on the inhabitant. The lien for the tax is not upon the owner, but on the property. It makes no difference whether the property is owned by a tenant or non-tenant. Possession, had no ownership, is the point of inquiry. A New-York merchant doing business in our State will not be asked whether his capital is his own or borrowed. The whole stock found in his possession is the measure of his taxation. Our own merchants are treated precisely in the same way. A different rule would obviously work serious injustices to Ohio merchants, because with deductions for credits, foreign merchants might trade in our State without paying one dollar of taxes. Again, Virginia's own lands in Ohio. They owe a portion of the purchase money either in one or the other of these States. Shall the township or city in which the land lies lose the right to levy a fair proportion of taxes upon the lands in question? The rule for deduction for debts would evidently work endless confusion. Take the case of our own citizens, many of whom own both real and personal property in more than one locality, and are indebted for a part of the same;—where shall the deduction be made. Shall it be at their own option?

The doctrine so frequently advanced that man should be taxed only on what he has and not upon what he has not, does not in fact apply to our system of taxation. Our duplicate lists the visible property in the State, and not the persons. A large number of the inhabitants of the State are not upon it, while it contains the names of many who reside beyond its limits. This is a sufficient answer to such avowals. Simplicity, both of detail and principle, is an important element in the construction of all revenue laws. Evils multiply with exemptions and deductions, and the individual taxpayer will be apt, through mental reservation, to enlarge the sphere for which the legislator has set him the example. He, too, has favorite objects which he thinks it hard to tax. The more generally we adopt the principle of taxing equally all property, the equitable and fair will be its effects. Their unequal operation rather than their amount, makes taxes oppressive. In our State, tax inequalities are necessary, unjust. Every dollar that is remitted to, or withheld by, one person, must be made up and paid by other. The amount of tax is not reduced by suffering property to escape the levy. Exemptions and deductions but mar the uniformity and equality of our tax laws, and for this reason if for no other, there should be as few allowed as possible.

An equal tax on property based on these rules, with few exemptions and deductions, leave very little opportunity for individual evasions. Its assessments and valuations are more easily perfected, they may be made quicker and yet be far less inquisitorial. Such a system must eventually recommend itself to all as the one best adapted to our circumstances as a people. Under the measure of taxation would be based upon a general principle—that principle would be enforced by the people themselves. They would watch and expose individual failures to list, and thereby carry out the honest object of the law. Then the people will soon habituate themselves to look for and detect the true cause of any increase in the taxes and reformatory efforts, being rightly directed would always be successful.

The preceding remarks are not intended to preclude all amendments to our tax law. On the contrary, it is admitted that several might be made which would render them more efficient. The assessments and valuation of personal property, especially, should be accelerated so that little if any property could be listed twice. There is no reason why, by proper sub-division it could not be done within a few days. This would not increase the expense. The phraseology of the tax law might also be made more definite in many instances. The word "credits" should be so qualified as to include only such outstanding ones as have assumed a definite shape and value. Thus equalizing and perfecting our tax laws, and regulating and reducing the taxes themselves, by imposing proper restraints on the authorities that levy and expend them, we shall have true public economy, light expenditures, and a wise distribution of

the same, together with a faithful application of the people's money to the fiscal purposes of democratic government.

Intimately connected with the tax laws is the custody of the public money between its collection and disbursement. The money collected upon the grand duplicate in one year is not disbursed until the year following, so that much of our public revenue remains one year and more in the State and County Treasuries. Evils have arisen from this which require early attention. Our revenue officers have thus been tempted to use the public funds for purposes of private emolument. The pernicious influence that must necessarily flow from such malfeasance, to say nothing of the danger to which the public treasury is exposed, are too obvious for comment.

Nor would it change the matter by depositing the public funds with banks. The best treasures of a free and intelligent people are their own pockets, and no Government has any right to deprive its members of their means one moment sooner or longer, than is unavoidably necessary for the public services. From these considerations, I would respectfully suggest that our assessments, valuations, and every thing connected with the making up of the grand duplicate, and the subsequent collection of the revenues, be so arranged as to bring the collection and disbursement of our taxes within the same year. After careful deliberation I can see no unsurmountable obstacle to such an arrangement. The acceleration of the assessment is, as already suggested, dictated by other reasons. Every thing relating to the preparation of the grand duplicate being paid by the day and the amount of work, it is easily seen that the expenses of accelerated action would not be greater than at present. If, in addition to this, the taxes could be collected semi-annually, instead of annually, as they now are, they would be far less severely felt by the people. Their present collections occurring at the very period when money is most needed for the produce and provision business of the country, aggravates their exactions. At all events, the most stringent laws should at once be passed against the private use of the revenues of the State which no well organized Government will permit for a moment.

Several of the appeal cases in reference to the question of bank taxation are still pending before the Supreme Court of the United States. I have no official information as to the time when a final decision may be expected. Two cases, the Piqua Branch Bank, vs the Treasurer of Miami county, and the Ohio Insurance and Trust Company, vs the Treasurer of Hamilton county, involving the right of the State to tax banks, were tried in the Supreme Court of the United States, at the May term, 1854—George E. Pugh and R. P. Spalding, appearing as counsel on the part of the State. The decision was against the State in the first case, and for it in the second. The Court was not unanimous in either decision. The cases are both reported at length in the 16th volume of Howard's Reports.

I cannot disguise the humiliation I feel at seeing the sovereign States of Ohio arraigned and placed on trial before that tribunal by certain corporations within her own boundaries, because, in an hour of misplaced confidence, she bestowed upon them undue privileges and exemptions. She has violated her contract with these corporations, while they have scarcely made an effort to accomplish the purpose for which they were created. Instead of furnishing a currency equal to, and redeemable in specie, they have too frequently flooded the country with depreciated bills.

The taxes on the people of the State have been nearly trebled since these institutions were established. They have borne the expenses of an extensive and costly system of internal improvement: Avenues of commerce, of industry and trade, have been opened in every part of the State, and while these banking corporations are the greatest beneficiaries from those several enterprises, they refuse to share with the people the heavy burdens which have been thereby occasioned.

They defy alike the forces of public opinion, the determination of the Constitutional Convention, the laws of the State, and the decision of our highest judicial tribunal; and persist in claiming that, if taxed at all, it must be by a different rule from that of individuals—on their profits only, and not on the value of their property. Ten millions of property dictates to a duplicate of eight hundred and fifty millions! Under these circumstances I cannot do otherwise than recommend an unyielding adherence to the just and honest principles of equal taxation.

Banking privileges still more extensive, I am told, are to be asked at your hands during the present session. It is a source of some gratification, however, to know that the present Constitution opposes an insuperable barrier to the tax exemptions that were formerly so unwisely and inconsistently granted.

The report of the special agent appointed in 1854 by the Auditor and Secretary of State, to examine into the condition of the Free and Independent Banks of the State, will be laid upon your tables. It abounds in information, and contains many useful and practical suggestions in relation to the evils of the system at present pursued, and the supposed appropriate remedies. The subject of banking has occupied a large share of public attention for years, as these institutions, in entering the halls of legislation and taking privileges denied to the individual members of community, have succeeded, whether intentionally or otherwise, in giving to it a political bearing.

So great is the power which the authority to issue and circulate notes as money confers over the commercial and other business relations of life, that the necessity of protecting the people from probable injury and loss, has always been felt and acknowledged; and hence we find the General Assembly at almost every session attempting to regulate the currency, with how much success is known to every one. The experiment is to be tried again, but the opinion is fast obtaining ground that neither commerce nor credit is benefited by legislative interference.